UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

XtraTyme Technologies Inc.,

Debtor.

Chapter 7
BKY No. 01-45284-NCD

John R. Stoebner, Trustee,

Plaintiff.

vs.

Kim Griffiths,

Defendant.

ADV No. 04-4102-NCD

NOTICE OF HEARING AND MOTION

TO: DEFENDANT KIM GRIFFITHS, AND ITS ATTORNEYS, DAVID C. OLSON, LANNERS & OLSON, P.A. 12805 HIGHWAY SUITE 102, PLYMOUTH, MN 55441.

1. John R. Stoebner, Trustee of the above-captioned bankruptcy estate, moves the Court for the relief requested below and gives notice of hearing.

2. The Honorable Nancy C. Dreher, United States Bankruptcy Judge, will hold a hearing on this motion for summary judgment at 11:00 a.m. on December 2, 2004, in Courtroom No. 7 West, United States Court House, 300 South Fourth Street, Minneapolis, Minnesota 55415, or as soon thereafter as counsel may be heard.

3. Any response to this motion must be filed and delivered not later than 5:00 p.m. on November 24, 2004, which is 7 days before the time set for the hearing, or filed and served by mail not later than 5:00 p.m. on November 22, 2004, which is ten days before the time set for the hearing. UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.

4. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 5005 and Local Rule 201. This proceeding is a core proceeding. This case was originally filed as a Chapter 11 case on September 23, 2001 and was converted into a Chapter 7 case on March 4, 2002. This case in now pending before the Court.

5. This motion for summary judgment arises under Fed. R. Civ. P. 56, 11 U.S.C. § 547, and Bankruptcy Rule 7056. This motion is filed under Bankruptcy Rule 9014 and Local Rules 1201-1215. Movant requests relief with respect to the Defendant's receipt of preferences from the Debtor as follows:

> Defendant Kim Griffiths received preferences in the amount of $18,673.70 during the one-year period prior to the filing of this bankruptcy case.

6. This motion is based upon the attached Plaintiff's Memorandum of Law in Support of Motion for Summary Judgment, the Affidavit of John R. Stoebner and exhibits thereto, and upon the files, records, and proceedings herein.

WHEREFORE, John R. Stoebner, moves the Court for an order that summary judgment be granted against Defendant as follows: (1) in the amount of $18,673.70, plus interest, against Defendant. Plaintiff further requests costs and disbursements herein and such other relief as may be just and equitable.

LAPP, LIBRA, THOMSON, STOEBNER
& PUSCH, CHARTERED

Dated: October 25, 2004

By: /e/ John R. Stoebner
John R. Stoebner (#140879)
David A. Harbeck (#238594)
One Financial Plaza
Suite 2500
120 South Sixth Street
Minneapolis, MN 55402
(612) 338-5815

Attorneys for Plaintiff
John R. Stoebner

VERIFICATION

I, John R. Stoebner, the moving party named in the foregoing notice of hearing and motion, declare under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information and belief.

Executed on: October 25, 2004

By: /e/ John R. Stoebner
John R. Stoebner, Trustee
One Financial Plaza
Suite 2500
120 South Sixth Street
Minneapolis, MN 55402
(612) 338-5815

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: XtraTyme Technologies Inc., Debtor.	Chapter 7 BKY No. 01-45284-NCD
John R. Stoebner, Trustee, Plaintiff. vs. Kim Griffiths, Defendant.	ADV No. 04-4102-NCD **MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT**

Plaintiff John R. Stoebner, Trustee, respectfully submits this memorandum of law in support of his motion for summary judgment against Defendant Kim Griffiths ("Griffiths").

I. INTRODUCTION

Debtor XtraTyme Technologies, Inc. ("Debtor" or "XtraTyme"), is a corporation that filed a Chapter 11 bankruptcy petition on December 7, 2001, and the case was subsequently converted to a Chapter 7 case on March 21, 2003. The case is now pending before this Court.

Defendant Kim Griffiths is the wife of John Griffiths, who was the President of XtraTyme. As with John Griffiths, Kim Griffiths received a preferential transfer in the year preceding the bankruptcy filing. Kim Griffiths received a preference in the total amount of $18,673.70.

Plaintiff can readily establish each and every element of a preferential transfer. Kim Griffiths admits that she was an insider of XtraTyme and that, in the year before the filing of the Debtor's petition, the Debtor paid her the sum of $18,673.70. It is further undisputed that such payment was made on account of debts owed to John and Kim Griffiths by the Debtor, that the Debtor was insolvent within the meaning of 11 U.S.C. § 101(32) and that the payment enabled Kim Griffiths to receive more than she would have received in this Chapter 7 case.

As a matter of law therefore, the Debtor's payment to Kim Griffiths constitutes an avoidable preference under 11 U.S.C. § 547. Because there are no genuine issues of material fact, the Trustee is entitled to summary judgment.

II. <u>STATEMENT OF UNDISPUTED FACTS</u>.

A. <u>The Parties</u>.

Plaintiff John R. Stoebner is the duly qualified and acting Trustee in this bankruptcy proceeding. *See* Complaint, ¶ 1; Answer, ¶ 2.

The Debtor XtraTyme Technologies, Inc., is a corporation existing under the laws of the State of Minnesota. The Debtor filed a Chapter 11 bankruptcy petition on December 7, 2001, and the case was subsequently converted to a Chapter 7 case on March 21, 2003. The case is now pending before this Court. *See* Complaint, ¶ 3; Answer, ¶ 2.

Defendant Kim Griffiths is a Minnesota resident currently residing at 526 East 8th Street, Glencoe, MN 55336. *See* Complaint, ¶ 2; Answer, ¶ 2. At all relevant times, John Griffiths was the President of XtraTyme. Thus, Kim Griffiths admits she was an insider of the Debtor. *See* Complaint at ¶ 7; Answer at ¶ 4; *see also* Letter from John Griffiths to the Trustee, attached to Griffiths' Answers to Requests for Production of Documents ("Griffiths Letter"), attached as Exhibit A to the Affidavit of John R. Stoebner, at 1.

B. <u>Kim Griffiths Received A Preference By The Debtor's Payment Of An Antecedent Debt In The Amount Of $18,673.70</u>.

During the one year preceding the filing of the petition, the Debtor paid Kim Griffiths a total of $18,673.70. The Debtor made such payment by way of a check dated January 11, 2001, in the amount of $18,673.70. The Debtor made this payment to repay Kim Griffiths for reimbursement of certain business-related expenses that Griffiths had charged to a personal credit card because XtraTyme could not afford to pay such expenses at the time the expenses were incurred. *See* Griffiths Letter at 1-2.

The evidence further demonstrates that the Debtor was insolvent within the meaning of 11 U.S.C. § 101(32). Indeed, the Debtor's schedules, filed with the United States Bankruptcy Court in December 2001, and verified under penalty of perjury by the Debtor's Chief Executive Officer, listed assets totaling $2,154,150.49 and liabilities totaling $2,884,358.51. Moreover, the Trustee has determined that the values of the assets listed in the Debtor's bankruptcy schedules have been overstated by substantially more than $500,000.00. *See* Stoebner Affidavit at ¶ 3. The Debtor was similarly insolvent in January 2001, when the preference payment was made. *See* Stoebner Affidavit at ¶¶ 5, 6 and Exhibits B through H. Indeed, Griffiths implicitly admits the Debtor's insolvency when explaining that the debts for which he and his wife were repaid were incurred for the very reason that the Debtor lacked the assets by which it could make payment of its ordinary business expenses. *See* Joint Answers to Interrogatories, Nos. 14-17; Griffiths Letter at 2.

Finally, the evidence is indisputable that the payment enabled Kim Griffiths to receive more than she would have received in this Chapter 7 case. *See* Stoebner Affidavit at ¶ 7.

The Trustee thus seeks summary judgment with respect to the entire $18,673.70 amount.

III. LEGAL DISCUSSION.

A. The Trustee Can Establish Each Element Of A Preferential Transfer Under 11 U.S.C. § 547.

As a matter of law, the Debtor's payment of $18,673.70 to Kim Griffiths constitutes a preference under 11 U.S.C. § 547.

Because Plaintiff, as Trustee, is entitled under 11 U.S.C. § 547 to avoid the preferential payment to Kim Griffiths, the Trustee is entitled under Section 550(a) to recover the value of the preference plus interest thereon at the pre-judgment rate from the commencement of this proceeding on March 16, 2004, to the date of judgment herein. *See* 11 U.S.C. § 550(a).

Section 547 of the Bankruptcy Code provides in pertinent part:

> (b) Except as provided in subsection (c) of this section, the trustee may avoid any transfer of an interest of the debtor in property –
>
> (1) to or for the benefit of a creditor;
>
> (2) for or on account of an antecedent debt owed by the debtor before such transfer was made;
>
> (3) made while the debtor was insolvent;
>
> (4) made –
>
> (A) on or within 90 days before the date of the filing of the petition; or
>
> (B) between ninety days and one year before the date of the filing of the petition, if such creditor at the time if such transfer was an insider; and
>
> (5) that enables such creditor to receive more than such creditor would receive if –
>
> (A) the case were a case under chapter 7 of this title;
>
> (B) the transfer had not been made; and
>
> (C) such creditor received payment of such debt to the extent provided in by the provisions of this title.

11 U.S.C. § 547(b).

With respect to the transfer at issue in this adversary proceeding, Kim Griffiths has admitted to the following elements of a preference:

- That Kim Griffiths received a transfer of an interest in the property of the Debtor in the total amount of $18,673.70;
- That such transfer was on account of an antecedent debt owed by the debtor;
- That Kim Griffiths was an insider of the Debtor; and
- That such transfer was made within one year of the filing of the petition.

See generally Joint Answers to Interrogatories, Griffiths Letter; Complaint at ¶ 7; Answer at ¶ 4.

Based upon these admissions, the Trustee need only prove the following elements of a preference: (i) that the transfer was to or for the benefit of a creditor; (ii) that the transfer was made while the debtor was insolvent; and (iii) that the transfer enabled the creditor to receive more than such creditor would receive if the case were a case under Chapter 7 of this title, the transfer had not been made, and the creditor received payment of such debt to the extent provided by the provisions of this title. *See* U.S.C. § 547. The Trustee can readily demonstrate each of these elements.[1]

B. <u>The Transfers Were To Or For The Benefit Of A Creditor.</u>

The Bankruptcy Code defines "creditor" to mean:

> [an] entity that has a claim against the debtor that arose at the time of or before the order for relief concerning the debtor; …

11 U.S.C. § 101(10).

Here, Kim Griffiths has admitted that the payments were in repayment of certain debts that Griffiths had previously incurred on behalf of the Debtor. *See generally* Joint Answers to Interrogatories, Griffiths Letter. Therefore, as a matter of law, Kim Griffiths is a "creditor" under the Bankruptcy Code. Because Kim Griffiths has admitted that she received the funds from the Debtor, it is indisputable that the transfer was "to or for the benefit of a creditor." *See id.*

[1] Each of these elements was posed to Kim Griffiths in a Request for Admission. Kim Griffiths has entirely failed to respond to the Trustee's Requests for Admissions. *See* Plaintiff's First Set of Requests for Admissions dated May 17, 2004, and letter dated July 13, 2004 from attorney David A. Harbeck to Defendant's attorney David Olson confirming Defendant's failure to respond to Plaintiff's discovery attached respectively as Exhibits I and J to the Stoebner Affidavit. Thus, this Court can deem admitted each of these elements. *See* Fed. R. Civ. P. 36(a).

C. <u>The Debtor Was Insolvent At The Time Of The Preferential Transfer</u>.

Here, the undisputed evidence demonstrates that the Debtor was insolvent at all relevant times. *See* Stoebner Affidavit at ¶¶ 4-6 and Exhibits B through H. Moreover, Griffiths' discovery responses are consistent with the Trustee's testimony regarding insolvency. Kim Griffiths repeatedly admits in her discovery responses that the debt arose because, when the Debtor needed to make payment of various expenses, it lacked the financial ability to do so, leaving Kim Griffiths to make the payment of such expenses from her own personal funds. *See* Joint Answers to Interrogatories, Nos. 14-17; Griffiths Letter at 2.

Moreover, Kim Griffiths has not presented – and cannot present – any evidence whatsoever demonstrating that the Debtor was solvent at the time of the payments. Indeed, the evidence is directly to the contrary. *See* Stoebner Affidavit at ¶¶ 3-4. Thus, summary judgment is proper. *See, e.g., In re St. James Plating, Inc.*, 1989 WL 8641, *2 (Bankr. D. Minn. 1989) (Dreher, J.) (defendant's failure to present any evidence rebutting plaintiff's presumption of insolvency renders summary judgment in favor of plaintiff proper).

D. <u>The Transfer Enabled Kim Griffiths To Receive More Than She Otherwise Would Have Received In This Case</u>.

Finally, the payments to Kim Griffiths unquestionably enabled the recipient of the preference (*i.e.*, Griffiths) to receive more than she would have if the transfers had not been made and she had received payment of the debt to the extent provided under the Bankruptcy Code in this chapter 7 case. *See* Stoebner Affidavit at ¶ 7.

Because the Trustee has proven the existence of each element of a preference under 11 U.S.C. § 547, summary judgment is proper.

IV. <u>CONCLUSION</u>.

For all the foregoing reasons, Plaintiff John R. Stoebner respectfully requests that the Court grant his motion for summary judgment and enter judgment in his favor and against Defendant Kim Griffiths in the amount of $18,673.70, plus interest.

Respectfully submitted,

LAPP, LIBRA, THOMSON, STOEBNER
& PUSCH, CHARTERED

Dated: October 25, 2004

By: /e/ John R. Stoebner
John R. Stoebner (#140879)
David Harbeck (#238594)
One Financial Plaza
Suite 2500
120 South Sixth Street
Minneapolis, MN 55402

Attorneys for Plaintiff
John R. Stoebner, Trustee

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: XtraTyme Technologies Inc., Debtor.	Chapter 7 BKY No. 01-45284-NCD
John R. Stoebner, Trustee, Plaintiff. vs. Kim Griffiths, Defendant.	ADV No. 04-4102-NCD **AFFIDAVIT OF JOHN R. STOEBNER**

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

John R. Stoebner, being first duly sworn upon oath says as follows.

1. I am an attorney duly licensed to practice law in the State of Minnesota since 1982 and in the United States District Court for the District of Minnesota since 1982. My attorney registration number is 140879. I am the Trustee of the Bankruptcy Estate of XtraTyme Technologies Inc. (the "Estate"), and make this affidavit based upon my own personal knowledge.

2. As Trustee of the Estate, I have engaged in collection of the Estate's assets. Accordingly, I have become familiar with the size of the Estate and the nature of its assets and creditors. I am also the Plaintiff in the above-captioned matter. As Plaintiff, I have knowledge of the claims asserted against the above-named Defendant.

3. Attached hereto as Exhibit A and incorporated by reference herein is a true and correct copy of a letter from Defendant John Griffiths to the Trustee, attached to Griffiths' Answers to Requests for Production of Documents ("Griffiths Letter").

4. The Debtor's bankruptcy schedules filed on December 7, 2001 with the United States Bankruptcy Court reflect that the total assets of the debtor as of that date were $2,154,150.49 and the total liabilities were $2,884,358.51. Based on my personal knowledge of the debtor's assets, including my involvement in the debtor's business as a duly authorized operating trustee from March, 2003 through August 2003, and my personal involvement in negotiations for the sale of certain of these assets, debtor's assets were overstated on its schedules by at least $500,000.00. This is based on the debtor's inclusion in its Schedule B of the following purported asset: "Franchise program which has a present value based on current and future growth (estimate)" $500,000.00. Even the debtor conceded that this so-called asset value was an estimate. In fact, as the operating trustee, I concluded that there was no viable franchise program for this debtor whatsoever. This conclusion is also supported by the debtor's Balance Sheet dated December 7, 2001 (the date of the filing of the Chapter 11 petition), which does not even include the so-called "Franchise program" as an asset. See Exhibit B, a true and correct copy of the debtor's Balance Sheet dated December 7, 2001.

5. The debtor's contemporaneous tax return and financial statements demonstrate that the debtor was insolvent within the meaning of 11 U.S. C. § 101(32) on December 31, 2000 and throughout all of 2001. Attached hereto as Exhibit C is a true and correct copy of the debtor's 1120S U.S. Income Tax Return for an S Corporation for calendar year 2000. This tax return shows that the debtor lost $772,978.00 in 2000. Further, the tax return shows that the debtor had total assets as of the tax year-end of $853,235.00 and total liabilities of $2,091,986.00 with retained

earnings of a negative $1,238,751, i.e., a negative net worth of $1,238,751. See Schedule L, page 4 of Exhibit C.

6. All of the debtor's balance sheets for 2001 that I was able to locate also reflect a negative net worth for the debtor. Specifically, the debtor's 2001 financial statements show the following:

a. The debtor's Profit & Loss Statement for the period beginning January 1, 2001 and ending December 31, 2001 shows a total net profit of $346,719.97for the calendar year which is not sufficient to offset the debtor's negative net worth of $1,238,751.00 as of the beginning of 2001. See Exhibit D, a true and correct copy of the debtor's Profit & Loss Statement for the period beginning January 1, 2001 and ending December 31, 2001.

b. The debtor's Balance Sheet dated July 2001 shows assets totaling $1,893,279.94 and liabilities of $2,148,662.55. See Exhibit E, a true and correct copy of the debtor's Balance Sheet dated July 2001.

c. The debtor's Balance Sheet dated August 1, 2001 shows assets totaling $1,384,592.53 and liabilities of $1,836,446.58. See Exhibit F, a true and correct copy of the debtor's Balance Sheet dated August 1, 2001.

d. The debtor's Balance Sheet dated August 13, 2001 shows assets totaling $1,370,597.12 and liabilities of $1,799,417.04. See Exhibit G, a true and correct copy of the debtor's Balance Sheet dated August 13, 2001.

e. The debtor's Balance Sheet dated September 12, 2001 shows assets totaling $1,389,294.49 and liabilities of $2,196,357.34. See Exhibit H, a true and correct copy of the debtor's Balance Sheet dated September 12, 2001.

f. The debtor's Balance Sheet dated December 7, 2001 shows assets totaling $1,390,491.98 and liabilities of $2,302,856.00. See Exhibit B, a true and correct copy of the debtor's Balance Sheet dated December 7, 2001.

7. The transfer that Plaintiff asserts constitutes a preference under 11 U.S.C. § 547, as set forth in Plaintiff's memorandum of Law in Support of his Motion for Summary Judgment, enabled Defendant to receive more than he would have received if the transfers had not been made and Defendant had received payment of the debts to the extent provided under the Bankruptcy Code in this Chapter 7 case. This is based upon the fact that Defendant received payment of 100% of the debts reflected in the $18,673.70 payment, whereas in this bankruptcy case, I estimate that unsecured creditors such as Defendant will receive a distribution of less than ten percent (10%) of their claim amounts.

8. Attached hereto as Exhibit I is a true and correct copy of Plaintiff's First Set of Requests For Admissions dated May 17, 2004, which were served on Defendant on or about that date.

9. Attached hereto as Exhibit J is a true and correct copy of a letter from Plaintiff's attorney David A. Harbeck to Defendant's attorney David Olson confirming Defendant's failure to respond to Plaintiff's discovery

Further your affiant sayeth not.

John R. Stoebner

Subscribed and sworn to before me this 25th day of October, 2004.

Notary Public

SARAH L. FORTIN
NOTARY PUBLIC - MINNESOTA
My Commission Expires Jan. 31, 2008

David and John,

This is the narrative analysis you have requested in response to your 2 letters dated February 23, 2004 addressed to my wife Kim and me.

You followed these letters by faxing me copies of the checks you are questioning. I have scanned in these faxes as well as copies of the original check printouts from the Xtratyme Technologies Inc. accounting software. These scans are attached to this document.

What I intend to show you in this document is that when there is an understanding of the situation at the time of the payments in question none of them should be considered as avoidable.

I will start out with some background information.

When I became President of Xtratyme Technologies Inc. the company was way behind on paying its vendors. One of the ways the company brought in revenue was to make and sell Personal Computers (PCs). The company was so far behind with the parts vendors that they had no way to pay for the parts needed to make these computers. Believing that enough revenue could be generated by making and selling computers to pay the staff and to start to catch up with the outstanding bills I agreed to place orders for parts on my personal credit cards. I did this with the complete understanding of the accounting department that as the computers were sold I would get paid first. This happened in the beginning and things were operating smoothly initially, but over time the accounting department diverted some of the money that was supposed to go to paying me so I could pay my credit card bills to pay other needs such as payroll. This means that these bills accumulated. Also during this time loaned the company money to meet a few pressing obligations with the stipulation that these were always very short term loans and would have to be repaid out of the next sale the company made. I used overdraft protection from Wells Fargo to provide this cash. I have copies of expense forms from this time period that show just shy of $100,000 worth of cash and credit card bills that were accumulated in my name.

There was also the sum of money that amounted to $70,000 cash taken from another business that I was involved with that ended up having to close because of a shortage of funds due to this not being repaid. These monies were put in as a short-term loan that enabled the company to make the payment to Brian Hagen to keep him from coming back into the picture as part owner of Xtratyme Technologies Inc. I made it very clear that this had to be a short duration loan or else it would make it so that I would have to declare personal bankruptcy. Since the company was unable to uphold this agreement in full this personal bankruptcy is exactly what happened.

Another thing that happened was that the accounting department thought it was cute to play games with some of these payments and make them out in my wives name. It was a silly game and they did it to tease me. This silly game is why check # 1424 dated 1/11/04 was made out to Kim Griffiths. If you look at the scans named *1424 stub* and *1424 check*

Exhibit A

XtraTyme Technologies Inc.

15893 Hwy 7
Hutchinson, MN 55350

Balance Sheet

As of 12/7/01

12/17/01
12:34:00 PM

Assets	
Checking-Wells Fargo	($3,844.90)
Payroll Clearing	($1,395.19)
Petty Cash	$200.00
Employee Loans	$1,377.99
Hardware Inventory	$733,431.14
Accounts Receivable	$26,378.33
Pre-paid Expenses	$5,472.95
Vehicles	$1,200.00
Fixed Assets	$157,547.38
Accumulated Depreciation	($77,994.00)
Leasehold Improvements	$23,253.76
Towers Constructed	$465,197.32
Start Up Costs	$81,364.20
Accumulated Amortization	($21,697.00)
Total Assets	$1,390,49
Liabilities	
Loan-Roger Ackerman	$350,000.00
Loan from Farmgard Products	$59.86
Loan-John Griffiths	$21,931.03
Hagen Settlement-Wuetherich	$9,105.76
Loan from Kyle Ackerman	$249,046.54
Hagen Settlement-Goranowski	$58,034.14
Hagen Settlement-Jeff Hagen	$73,871.64
Investor (Hickory Tech)	$500,000.00
Investor (Ed Moe)	$60,000.00
Investor (Dennis Burda)	$45,000.00
Accounts Payable	$657,556.08
Sales Tax Collected	($2,023.43)
Federal Income Tax W/H	$229,454.13
State Income Tax W/H	$38,041.28
State Unemployment Tax	$8,819.80
Federal Unemployment Taxes	$3,853.51
Child Support Payable	$105.66
Total Liabilities	$2,302,8
Equity	
Common Stock	$5,000.00
Retained Earnings	($1,263,838.45)
Current Earnings	$346,474.43
Total Equity	($912,3
Total Liability & Equity	$1,390,4

Exhibit B

FILE COPY

Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.
▶ See separate instructions.

OMB No. 1545-0130

2000

For calendar year 2000, or tax year beginning , 2000, and ending , 20

A Effective date of election as an S corporation: 06-08-1999	Name: XTRATYME TECHNOLOGIES, INC.	C Employer identification number: 41-1942412
B Business code no. (see pages 29-31): 541519	Number, street, and room or suite no. (If a P.O. box, see page 11 of the instructions.): 15893 HIGHWAY 7	D Date incorporated: 06-07-1999
Use IRS label. Otherwise, print or type.	City or town, state, and ZIP code: HUTCHINSON MN 55350	E Total assets (see page 11): $ 853,235

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶ 2

Caution: Include only trade or business income and expenses on lines 1a through 21. See page 11 of the instructions for more information.

Section	Line	Description	Sub-line	Amount	Line	Amount
Income	1a	Gross receipts or sales 541,785 b Less returns and allowances c Bal ▶			1c	541,785
	2	Cost of goods sold (Schedule A, line 8)			2	497,889
	3	Gross profit. Subtract line 2 from line 1c			3	43,896
	4	Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)			4	
	5	Other income (loss) (attach schedule)			5	
	6	**Total income (loss).** Combine lines 3 through 5 ▶			6	43,896
Deductions (see page 12 of the instructions for limitations)	7	Compensation of officers			7	
	8	Salaries and wages (less employment credits)			8	452,988
	9	Repairs and maintenance			9	2,147
	10	Bad debts			10	
	11	Rents			11	53,169
	12	Taxes and licenses			12	65,634
	13	Interest			13	12,617
	14a	Depreciation (If required, attach Form 4562)	14a	72,362		
	b	Depreciation claimed on Schedule A and elsewhere on return	14b			
	c	Subtract line 14b from line 14a			14c	72,362
	15	Depletion (**Do not deduct oil and gas depletion.**)			15	
	16	Advertising			16	10,240
	17	Pension, profit-sharing, etc., plans			17	
	18	Employee benefit programs			18	28,699
	19	Other deductions (attach schedule)			19	119,018
	20	**Total deductions.** Add the amounts shown in the far right column for lines 7 through 19 ▶			20	816,874
	21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6			21	(772,978)
Tax and Payments	22	**Tax:** a Excess net passive income tax (attach schedule)	22a			
	b	Tax from Schedule D (Form 1120S)	22b			
	c	Add lines 22a and 22b (see page 15 of the instructions for additional taxes)			22c	
	23	**Payments:** a 2000 estimated tax payments and amount applied from 1999 return	23a			
	b	Tax deposited with Form 7004	23b			
	c	Credit for Federal tax paid on fuels (attach Form 4136)	23c			
	d	Add lines 23a through 23c			23d	
	24	Estimated tax penalty. Check if Form 2220 is attached ▶ ☐			24	
	25	**Tax due.** If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment ▶			25	
	26	**Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶			26	
	27	Enter amount of line 26 you want: **Credited to 2001 estimated tax** ▶ Refunded ▶			27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

FILE COPY

Signature of officer | Date | Title

Paid Preparer's Use Only

Preparer's signature | Date 06-27-01 | Check if self-employed ☐ | Preparer's SSN or PTIN P00142266

Firm's name (or yours if self-employed), address, and ZIP code: PIEHL, HANSON, BECKMAN, PA, 12 HASSAN ST NE SUITE 103, HUTCHINSON MN 55350 | EIN 41-1763115 | Phone no. (320)234-4430

EXHIBIT C

...t Notice, see the separate instructions.

EEA

Schedule A Cost of Goods Sold (See page 16 of the instructions)

1	Inventory at beginning of year	1	35,888
2	Purchases	2	325,388
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	309,817
6	Total. Add lines 1 through 5.	6	671,093
7	Inventory at end of year	7	173,204
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	497,889

9 a Check all methods used for valuing closing inventory:
- (i) ☐ Cost as described in Regulations section 1.471-3
- (ii) ☒ Lower of cost or market as described in Regulations section 1.471-4
- (iii) ☐ Other (specify method used and attach explanation) ▶

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation ? ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory ? ☐ Yes ☒ No
If "Yes," attach explanation.

Schedule B Other Information

		Yes	No
1	Check method of accounting: (a) ☐ Cash (b) ☒ Accrual (c) ☐ Other (specify) ▶		
2	Refer to the list on pages 29 through 31 of the instructions and state the corporation's principal: (a) Business activity ▶ INTERNET PROVID (b) Product or service ▶ INTERNET SERVIC		
3	Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		X
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5	Check this box if the corporation has filed or is required to file **Form 8264**, Application for Registration of a Tax Shelter ▶ ☐		
6	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If so, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.		
7	If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 17 of the instructions) ▶ $		
8	Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 18 of the instructions) ▶ ☐		

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

Income (Loss)

	(a) Pro rata share items			(b) Total amount
1	Ordinary income (loss) from trade or business activities (page 1, line 21)		1	(772,978)
2	Net income (loss) from rental real estate activities (attach Form 8825)		2	
3a	Gross income from other rental activities	3a		
b	Expenses from other rental activities (attach schedule)	3b		
c	Net income (loss) from other rental activities. Subtract line 3b from line 3a		3c	
4	Portfolio income (loss):			
a	Interest income		4a	109
b	Ordinary dividends		4b	
c	Royalty income		4c	
d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))		4d	
e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S)): (1) 28% rate gain (loss) ▶ (2) Total for year ▶		4e(2)	
f	Other portfolio income (loss) (attach schedule)		4f	
5	Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)		5	
6	Other income (loss) (attach schedule)		6	

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc. (continued)

		(a) Pro rata share items		(b) Total amount
Deductions	7	Charitable contributions (attach schedule)	7	
	8	Section 179 expense deduction (attach Form 4562)	8	
	9	Deductions related to portfolio income (loss) (itemize)	9	
	10	Other deductions (attach schedule)	10	
Investment Interest	11 a	Interest expense on investment debts	11a	
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	
		(2) Investment expenses included on line 9 above	11b(2)	
Credits	12 a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
	b	Low-income housing credit:		
		(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)	
		(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)	
		(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)	
		(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)	
	c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c	
	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
	e	Credits related to other rental activities	12e	
	13	Other credits	13	
Adjustments and Tax Preference Items	14 a	Depreciation adjustment on property placed in service after 1986	14a	
	b	Adjusted gain or loss	14b	
	c	Depletion (other than oil and gas)	14c	
	d	(1) Gross income from oil, gas, or geothermal properties	14d(1)	
		(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)	
	e	Other adjustments and tax preference items (attach schedule)	14e	
Foreign Taxes	15 a	Name of foreign country or U.S. possession ▶		
	b	Gross income sourced at shareholder level	15b	
	c	Foreign gross income sourced at corporate level:		
		(1) Passive	15c(1)	
		(2) Listed categories (attach schedule)	15c(2)	
		(3) General limitation	15c(3)	
	d	Deductions allocated and apportioned at shareholder level:		
		(1) Interest expense	15d(1)	
		(2) Other	15d(2)	
	e	Deductions allocated and apportioned at corporate level to foreign source income:		
		(1) Passive	15e(1)	
		(2) Listed categories (attach schedule)	15e(2)	
		(3) General limitation	15e(3)	
	f	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	15f	
	g	Reduction in taxes available for credit and gross income from all sources (attach schedule)	15g	
Other	16	Section 59(e)(2) expenditures: a Type ▶ b Amount ▶	16b	
	17	Tax-exempt interest income	17	
	18	Other tax-exempt income	18	
	19	Nondeductible expenses	19	
	20	Total property distributions (including cash) other than dividends reported on line 22 below	20	
	21	Other items and amounts required to be reported separately to shareholders (attach schedule)		
	22	Total dividend distributions paid from accumulated earnings and profits	22	
	23	**Income (loss).** (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15f, and 16b	23	(772,869)

Schedule L **Balance Sheets per Books**

Assets	Beginning of tax year (a)	(b)	End of tax year (c)	(d)
1 Cash		19,870		7,826
2a Trade notes and accounts receivable	52,629		31,554	
b Less allowance for bad debts		52,629		31,554
3 Inventories		35,888		173,204
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)		5,724		7,973
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	88,523		645,999	
b Less accumulated depreciation	5,632	82,891	77,994	568,005
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	81,364		81,364	
b Less accumulated amortization	5,424	75,940	21,697	59,667
14 Other assets (attach schedule)		38,684		5,006
15 Total assets		311,626		853,235
Liabilities and Shareholders' Equity				
16 Accounts payable		79,935		254,322
17 Mortgages, notes, bonds payable in less than 1 year		400,000		
18 Other current liabilities (attach schedule)		84,512		270,330
19 Loans from shareholders		142,691		365,829
20 Mortgages, notes, bonds payable in 1 year or more		60,000		620,800
21 Other liabilities (attach schedule)				570,705
22 Capital stock		10,000		10,000
23 Additional paid-in capital				
24 Retained earnings		(465,512)		(1,238,751)
25 Adjustments to shareholders' equity (attach schedule)				
26 Less cost of treasury stock		( )		( )
27 Total liabilities and shareholders' equity		311,626		853,235

Schedule M-1 **Reconciliation of Income (Loss) per Books With Income (Loss) per Return** (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

1 Net income (loss) per books	(773,239)	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize): a Tax-exempt interest $	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15f, and 16b, not charged against book income this year (itemize): a Depreciation $	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15f, and 16b (itemize): a Depreciation $ b Travel and entertainment $ 370	370	7 Add lines 5 and 6	
4 Add lines 1 through 3	(772,869)	8 Income (loss) (Schedule K, line 23). Line 4 less line 7	(772,869)

Schedule M-2 **Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (see page 27 of the instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	(465,512)		
2 Ordinary income from page 1, line 21			
3 Other additions	109		
4 Loss from page 1, line 21	(772,978)		
5 Other reductions	(370)	( )	
6 Combine lines 1 through 5	(1,238,751)		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	(1,238,751)		

SCHEDULE K-1 (Form 1120S)

Department of the Treasury Internal Revenue Service

Shareholder's Share of Income, Credits, Deductions, etc.

▶ See separate instructions.

For calendar year 2000 or tax year beginning , 2000, and ending , 20

OMB No. 1545-0130

2000

Shareholder's identifying number ▶ 504-78-0434

Corporation's identifying number ▶ 41-1942412

Shareholder's name, address, and ZIP code

KYLE ACKERMAN
16754 705TH AVENUE
DASSEL, MN 55325

Corporation's name, address, and ZIP code

XTRATYME TECHNOLOGIES, INC.
15893 HIGHWAY 7
HUTCHINSON MN 55350

A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) ▶ 50.0000 %

B Internal Revenue Service Center where corporation filed its return ▶ OGDEN, UTAH

C Tax shelter registration number (see instructions for Schedule K-1) ▶

D Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

	(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	(386,489)	See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities	2		
	3 Net income (loss) from other rental activities	3		
	4 Portfolio income (loss):			
	a Interest	4a	54	Sch. B, Part I, line 1
	b Ordinary dividends	4b		Sch. B, Part II, line 5
	c Royalties	4c		Sch. E, Part I, line 4
	d Net short-term capital gain (loss)	4d		Sch. D, line 5, col. (f)
	e Net long-term capital gain (loss):			
	(1) 28% rate gain (loss)	4e(1)		Sch. D, line 12, col. (g)
	(2) Total for year	4e(2)		Sch. D, line 12, col. (f)
	f Other portfolio income (loss) (attach schedule)	4f		(Enter on applicable line of your return)
	5 Net section 1231 gain (loss) (other than due to casualty or theft)	5		See Shareholder's Instructions for Schedule K-1 (Form 1120S)
	6 Other income (loss) (attach schedule)	6		(Enter on applicable line of your return)
Deductions	7 Charitable contributions (attach schedule)	7		Sch. A, line 15 or 16
	8 Section 179 expense deduction	8		See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	9 Deductions related to portfolio income (loss) (attach schedule)	9		
	10 Other deductions (attach schedule)	10		
Investment Interest	11a Interest expense on investment debts	11a		Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)		See Shareholder's Instructions for Schedule K-1 (Form 1120S)
	(2) Investment expenses included on line 9 above	11b(2)		
Credits	12a Credit for alcohol used as fuel	12a		Form 6478, line 10
	b Low-income housing credit:			
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	12b(1)		Form 8586, line 5
	(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)		
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	12b(3)		
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)		
	c Qualified rehabilitation expenditures related to rental real estate activities	12c		See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d		
	e Credits related to other rental activities	12e		
	13 Other credits	13		

		(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Adjustments and Tax Preference Items	14 a	Depreciation adjustment on property placed in service after 1986	14a		See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251
	b	Adjusted gain or loss	14b		
	c	Depletion (other than oil and gas)	14c		
	d	(1) Gross income from oil, gas, or geothermal properties	14d(1)		
		(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)		
	e	Other adjustments and tax preference items (attach schedule)	14e		
Foreign Taxes	15 a	Name of foreign country or U.S. possession ▶			Form 1116, Part I
	b	Gross income sourced at shareholder level	15b		
	c	Foreign gross income sourced at corporate level:			
		(1) Passive	15c(1)		
		(2) Listed categories (attach schedule)	15c(2)		
		(3) General limitation	15c(3)		
	d	Deductions allocated and apportioned at shareholder level:			
		(1) Interest expense	15d(1)		
		(2) Other	15d(2)		
	e	Deductions allocated and appotioned at corporate level to foreign source income.			
		(1) Passive	15e(1)		
		(2) Listed categories (attach schedule)	15e(2)		
		(3) General limitation	15e(3)		
	f	Total foreign taxes (check one) ▶ ☐ Paid ☐ Accrued	15f		Form 1116, Part II
	g	Reduction in taxes available for credit and gross income from all sources (attach schedule)	15g		See instructions for Form 1116
Other	16	Section 59(e)(2) expenditures: a Type ▶			See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	b	Amount	16b		
	17	Tax-exempt interest income	17		Form 1040, line 8b
	18	Other tax exempt income	18		See pages 7 and 8 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	19	Nondeductible expenses	19		
	20	Property distributions (including cash) other than divided distributions reported to you on Form 1099-DIV	20		
	21	Amount of loan repayments for "Loans From Shareholders"	21		
	22	Recapture of low-income housing credit:			
	a	From section 42(j)(5) partnerships	22a		Form 8611, line 8
	b	Other than on line 22a	22b		

Supplemental Information

23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):

LINE 1 - THE LOSS IS LIMITED TO THE SHAREHOLDER'S BASIS OF $ 16,909.

150 442

SCHEDULE K-1 (Form 1120S)

Department of the Treasury Internal Revenue Service

Shareholder's Share of Income, Credits, Deductions, etc.

▶ See separate instructions.

For calendar year 2000 or tax year beginning , 2000, and ending , 20

OMB No. 1545-0130

2000

Shareholder's identifying number ▶ 472-74-5654

Corporation's identifying number ▶ 41-1942412

Shareholder's name, address, and ZIP code
BRIAN HAGEN
2724 9TH ST EAST
GLENCOE, MN 55336

Corporation's name, address, and ZIP code
XTRATYME TECHNOLOGIES, INC.
15893 HIGHWAY 7
HUTCHINSON MN 55350

A Shareholder's percentage of stock ownership for tax year (see Instructions for Schedule K-1) ▶ 50.0000 %

B Internal Revenue Service Center where corporation filed its return ▶ OGDEN, UTAH

C Tax shelter registration number (see instructions for Schedule K-1) ▶

D Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

	(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1	(386,489)	See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2 Net income (loss) from rental real estate activities	2		
	3 Net income (loss) from other rental activities	3		
	4 Portfolio income (loss):			
	a Interest	4a	55	Sch. B, Part I, line 1
	b Ordinary dividends	4b		Sch. B, Part II, line 5
	c Royalties	4c		Sch. E, Part I, line 4
	d Net short-term capital gain (loss)	4d		Sch. D, line 5, col. (f)
	e Net long-term capital gain (loss):			
	(1) 28% rate gain (loss)	4e(1)		Sch. D, line 12, col. (g)
	(2) Total for year	4e(2)		Sch. D, line 12, col. (f)
	f Other portfolio income (loss) (attach schedule)	4f		(Enter on applicable line of your return)
	5 Net section 1231 gain (loss) (other than due to casualty or theft)	5		See Shareholder's Instructions for Schedule K-1 (Form 1120S)
	6 Other income (loss) (attach schedule)	6		(Enter on applicable line of your return)
Deductions	7 Charitable contributions (attach schedule)	7		Sch. A, line 15 or 16
	8 Section 179 expense deduction	8		See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	9 Deductions related to portfolio income (loss) (attach schedule)	9		
	10 Other deductions (attach schedule)	10		
Investment Interest	11 a Interest expense on investment debts	11a		Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)		See Shareholder's Instructions for Schedule K-1 (Form 1120S)
	(2) Investment expenses included on line 9 above	11b(2)		
Credits	12 a Credit for alcohol used as fuel	12a		Form 6478, line 10
	b Low-income housing credit:			
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	12b(1)		Form 8586, line 5
	(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)		
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	12b(3)		
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)		
	c Qualified rehabilitation expenditures related to rental real estate activities	12c		See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d		
	e Credits related to other rental activities	12e		
	13 Other credits	13		

For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

EEA

Schedule K-1 (Form 1120S) 2000

		(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Adjustments and Tax Preference Items	14 a	Depreciation adjustment on property placed in service after 1986	14a		See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251
	b	Adjusted gain or loss	14b		
	c	Depletion (other than oil and gas)	14c		
	d	(1) Gross income from oil, gas, or geothermal properties	14d(1)		
		(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)		
	e	Other adjustments and tax preference items (attach schedule)	14e		
Foreign Taxes	15 a	Name of foreign country or U.S. possession ▶			Form 1116, Part I
	b	Gross income sourced at shareholder level	15b		
	c	Foreign gross income sourced at corporate level:			
		(1) Passive	15c(1)		
		(2) Listed categories (attach schedule)	15c(2)		
		(3) General limitation	15c(3)		
	d	Deductions allocated and apportioned at shareholder level:			
		(1) Interest expense	15d(1)		
		(2) Other	15d(2)		
	e	Deductions allocated and appotioned at corporate level to foreign source income.			
		(1) Passive	15e(1)		
		(2) Listed categories (attach schedule)	15e(2)		
		(3) General limitation	15e(3)		
	f	Total foreign taxes (check one) ▶ ☐ Paid ☐ Accrued	15f		Form 1116, Part II
	g	Reduction in taxes available for credit and gross income from all sources (attach schedule)	15g		See Instructions for Form 1116
Other	16	Section 59(e)(2) expenditures: a Type ▶			See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	b	Amount	16b		
	17	Tax-exempt interest income	17		Form 1040, line 8b
	18	Other tax exempt income	18		See pages 7 and 8 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	19	Nondeductible expenses	19		
	20	Property distributions (including cash) other than divided distributions reported to you on Form 1099-DIV	20		
	21	Amount of loan repayments for "Loans From Shareholders"	21		
	22	Recapture of low-income housing credit:			
	a	From section 42(j)(5) partnerships	22a		Form 8611, line 8
	b	Other than on line 22a	22b		

Supplemental Information

23 Supplemental information required to be reported separately to each shareholder (attach additional schedules if more space is needed):

LINE 1 - THE LOSS IS LIMITED TO THE STOCKHOLDER'S BASIS OF $ 0.

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach this form to your return.

OMB No. 1545-0172

2000

Attachment Sequence No. 67

Name(s) shown on return: XTRATYME TECHNOLOGIES, INC.

Business or activity to which this form relates: FORM 1120S

Identifying number: 41-1942412

Part I Election To Expense Certain Tangible Property (Section 179)

Note: If you have any "listed property," complete Part V before you complete Part I.

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	$20,000
2	Total cost of section 179 property placed in service. See page 2 of the instructions	2	
3	Threshold cost of section 179 property before reduction in limitation	3	$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter amount from line 27	7	

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1999. See page 3 of the instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2001. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service Only During Your 2000 Tax Year (Do not include listed property.)

Section A — General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ▶ ☐

Section B — General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property		82,390	5	MQ	200DB	26,143
c 7-year property		470,414	7	MQ	200DB	20,419
d 10-year property						
e 15-year property		4,671	15	MQ	200DB	372
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C — Alternative Depreciation System (ADS) (See page 5 of the instructions.)

(a) Classification of property	(b)	(c)	(d)	(e)	(f)	(g)
16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do not include listed property.) (See page 5 of the instructions.)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 2000	17	25,428
18	Property subject to section 168(f)(1) election	18	
19	ACRS and other depreciation	19	

Part IV Summary (See page 6 of the instructions.)

20	Listed property. Enter amount from line 26	20	
21	**Total.** Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. *Partnerships and S corporations – see instructions*	21	72,362
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, see the separate instructions.

EEA

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? Yes No 23b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
24 Property used more than 50% in a qualified business use (See page 6 of the instructions.):								
		%						
		%						
		%						
25 Property used 50% or less in a qualified business use (See page 6 of the instructions.):								
		%				S/L–		
		%				S/L–		
		%				S/L–		

26 Add amounts in column (h). Enter the total here and on line 20, page 1 . . . 26

27 Add amounts in column (i). Enter the total here and on line 7, page 1 . . . 27

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
28 Total business/investment miles driven during the year (do not include commuting miles – see page 1 of the instructions)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons. See page 8 of the instructions.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See page 8 of the instructions.		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 2000 tax year (See page 8 of the instructions.):					

41 Amortization of costs that began before 2000 . . . 41 16,273

42 Total. Add amounts in column (f). See page 9 of the instructions for where to report . . . 42 1…

CEA

Form **1120S** **Overflow Statement** **2000**

Name as shown on Return	Employer identification number
XTRATYME TECHNOLOGIES, INC.	41-1942412

------------Overflow for:--------------

Form 1120S, Line 19 - Other deductions

Description	Amount
50% OF MEALS & ENTERTAINMENT	371
AMORTIZATION - FORM 4562	16,273
MARKETING	5,497
INSURANCE	6,081
OFFICE EXPENSE	17,712
BANK FEES	866
CASUAL LABOR	2,715
PROFESSIONAL FEES	7,760
ADMINISTRATIVE EXPENSE	7,246
COMMISSIONS	24,686
LATE FEES & FINANCE CHARGES	3,867
CELLULAR PHONE EXPENSE	19,158
TELEPHONE & UTILITIES	6,786
Total	119,018

-----Overflow for:------

Form 1120S, Line 12 - Taxes and licenses

Description	Amount
PAYROLL TAXES	65,634
Total	65,634

---------Overflow for:---------

Schedule A, Line 5 - Other Costs

Description	Amount
TELEPHONE/ISP EXPENSE	249,974
FREIGHT/SHIPPING	6,414
WEB/DOMAIN EXPENSE	3,133
MILEAGE REIMBURSEMENT	11,160
TOOLS AND SUPPLIES	1,482
SERVICE EXPENSE	12,208
EQUIPMENT LEASE	25,446
Total	309,817

MINNESOTA Department of Revenue

S Corporation Return 2000

M-3S-4

For calendar year 2000 or fiscal year beginning and ending

Print or type

Name of corporation	Minnesota ID number	Federal ID number
XTRATYME TECHNOLOGIES, INC.	4357887	41-1942412

Street address
15893 HIGHWAY 7

If the name or address has changed since 1999, check box: ☐

X

City or town	State	Zip code	Number of shareholders:
HUTCHINSON,	MN	55350	2

Check all that apply: ☐ Amended return or claim for refund ☐ Final return ☐ Composite income tax ☐ Financial institution ☐ Qualified Subchapter S Subsidiary ☐ Mail forms to me next year

Tax and credits (see instructions)

1 S corporation taxes (check all that apply):
☐ financial institution ☐ federal Schedule D taxes
☐ passive income ☐ LIFO recapture . . . . 1 ____ (attach computation)

2 Minimum fee (all S corps must complete Schedule A, see instructions) . 2 300 (attach Schedule A)

3 Composite income tax for nonresident individual shareholders . . . . . 3 ____ (attach Schedule M-KC)

4 Minnesota income tax withheld for nonresident shareholders . . . . . 4 ____ (attach Schedule MW-3NR)

5 Add lines 1 through 4 . . . . 5 300

6 Employer transit pass credit not passed through to shareholders, limited to the sum of lines 1 and 2 above (attach Schedule ETP) . . . . 6 ____

7 Subtract line 6 from line 5. If line 6 is more than line 5, fill in zero 7 300

8 Minnesota Endangered Resources Partnership donation (see instructions, page 5). This will reduce your refund or increase your tax . . . . . 8 ____

9 Add lines 7 and 8 . . . . 9 300

10 Enterprise zone credit not passed through to shareholders (attach Schedule EPC) . . . . 10 ____

11 Estimated tax and/or extension payments made for 2000 . . . . . . 11 ____

12 Add lines 10 and 11 . . . . 12 ____

Refund or amount due

13 If line 9 is more than line 12, subtract line 12 from line 9 and fill in additional tax due 13 300

14 Additional charge for underpayment of estimated tax (attach Schedule EST) . . . . 14 ____

15 If you listed an amount on line 13, add lines 13 and 14 and fill in **AMOUNT OWED.** Check ☐ if paying by EFT. If not, you must attach PV40 . . . . 15 300

16 If line 12 is more than the sum of lines 9 and 14, subtract line 9 and line 14 from line 12 and fill in the amount of overpayment . . . . 16 ____

17 For direct deposit of the full refund amount on line 16, fill in all of the following.
Routing number ☐☐☐☐☐☐☐☐☐ Type of account: Checking ☐ Savings ☐
Account number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

18 If you are paying estimated tax for 2001, fill in the amount from line 16 you want applied to it, if any . . . . 18 ____

19 Subtract line 18 from line 16 and fill in amount to be **REFUNDED** . . . . 19 ____

Sign your return

Signature of officer	Date	Daytime phone	
		320-864-8513	☒ I authorize the MN Dept. of Revenue to discuss this return with the person below.

E-mail address for correspondence, if desired

This e-mail address belongs to (check one box): ☐ Employee ☐ Paid preparer ☐ Other:

Paid preparer's signature	Date	Preparer's tax ID or PTIN	Daytime phone
	06-27-2001	P00142266	320-234-4430

Attach a copy of federal Form 1120S, Schedules K and K-1, and other federal schedules

Mail to: Minnesota S Corporation Income Tax, Mail Station 1770, St. Paul, Minnesota 55145-1770

Stock No. 3000420

MINNESOTA Department of Revenue

SCHEDULE A
S corporations

Fee and Apportionment Schedule 2000

for computing an S corporation's minimum fee and Minnesota source income

This schedule must be completed by all S corporations.

Business income apportionment formula

(See instructions)

(If you conducted all your business in Minnesota during the tax year, complete only column A and enter 100% on line 9.)

		A In Minn.	B Total	C Ratio (A÷Bx100)	D Weighted Factors	E Weighted % (C x D)
Property owned or used						
1 a Average value of inventory	a	104,546				
b Average value of buildings, etc.	b	367,261				
c Average value of land	c					
Total average value of tangible property owned at original cost (add lines 1a–1c)	1	471,807				
2 Capitalized rents paid by S corporation (gross rents paid x 8)	2	628,920				
3 Add lines 1 and 2	3	1,100,727		%	15%	%
Payroll						
4 Total payroll, including officers' compensation	4	452,988		%	15%	%
Sales						
5 Sales (including rents received)	5	541,785		%	70%	%
6 Total of lines 3, 4 and 5 in column A	6	2,095,500				
7 Adjustments (see instructions)	7		(Identify pass-through entity and attach schedule.)			
8 Combine lines 6 and 7	8	2,095,500	(This amount is used to determine the minimum fee.)			

Apportionment percentage

9 Total of lines 3, 4, and 5 in column E (round result to two places after the decimal point) 9 100.00%

Minimum Fee Table

If the amount on Schedule A, line 8 is:	Fill in on Form M-3S-4, line 2:
less than $500,000	$0
$500,000 to $999,999	$100
$1,000,000 to $4,999,999	$300
$5,000,000 to $9,999,999	$1,000
$10,000,000 to $19,999,999	$2,000
$20,000,000 or more	$5,000

MINNESOTA SECRETARY OF STATE

DOMESTIC CORPORATION ANNUAL REGISTRATION

Minnesota Statutes Chapter 302A/319B
Must be filed by December 31

READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

TO: SECRETARY OF STATE
PUBLIC INFORMATION DIVISION
555 PARK STREET #402
ST PAUL, MN 55103-2141

CURRENT INFORMATION ON FILE:

1. Charter#: 10S-117 2. State of Incorporation: MINNESOTA

3. Corporate Name: XTRATYME TECHNOLOGIES, INC.

4. Registered Agent/Registered Office Address:
15893 HWY 7 EAST
HUTCHINSON, MN 55350

	INFORMATION YOU WISH TO CHANGE:
5. Principal Executive Office Address: (PO Box Not Acceptable) 15893 HWY 7 EAST HUTCHINSON, MN 55350	Principal Executive Office Address: (PO Box Not Acceptable)
6. Name and Business Address of C.E.O.: KYLE ACKERMAN 15893 HWY 7 EAST HUTCHINSON, MN 55350	Name and Business Address of C.E.O.:

7. Does this corporation own, lease, or have any financial interest in agricultural land or land capable of being farmed?
____ Yes X No

8. Name and daytime telephone number and/or e-mail address of contact person:

Name: KYLE ACKERMAN 320-864-8513 Ext. ____

E-Mail Address: ____

NOTICE: Failure to file this form by December 31 of this year will result in this corporation losing its good standing without further notice from the Secretary of State. To regain good standing, the corporation must file this form and pay a $25 fee.

Failure to file the annual registration for 3 consecutive years will result in the dissolution of the corporation unless a registration with a $25 fee is submitted, pursuant to Minnesota Statute 302A.821. A postcard notice will be sent prior to dissolution.

A CORPORATION THAT HAS BEEN DISSOLVED PURSUANT TO MINNESOTA STATUTES 302A.821, MUST REINCORPORATE TO BE REGISTERED AS A BUSINESS IN THIS STATE. 302a319b.p65 Rev. 11/00

XtraTyme Technologies Inc.

15893 Hwy 7
Hutchinson, MN 55350

Profit & Loss Statement

1/1/01 through 12/31/01

2/12/02
12:06:20 PM

Income		
Revenue Sharing	$5,901.49	
Service Work	$13,434.19	
Web Sales	$5,736.33	
computer rental	($675.00)	
Site Survey Revenue	($25.00)	
Hardware Sales	$272,009.46	
Software Sales	$444.98	
Wireless Internet Sales	$150.00	
Internet Sales	$223,118.87	
Wireless Labor	$1,201.00	
Domain Sales	$514.90	
Chair sales	$240.00	
Miscellaneous	$2,454.33	
Freight Collected	$16.00	
Late Fees Collected	$20.09	
Earnings Allowance	$173.06	
Sales Promotions/Certificates	($617.90)	
Investor-Sheehan	$34,000.00	
Investor-United Farmers Coop	$285,984.00	
Investor-Hickory Tech	$150,000.00	
Investor-Aaron Dummer	$25,705.00	
Investor-Ed Moe	$40,000.00	
Investor-New Visions	$605,000.00	
Investor-Mark Dallmann	$21,000.00	
Investor-City of Arlington	$134,516.00	
Total Income		$1,820,301.80
Cost Of Sales		
Installation Expense-UFC Area	$20,500.00	
Tower Inspections	$4,750.00	
Wages - Production	$2,894.59	
Hardware Purchases	$147,229.99	
Software Purchases	$20.79	
Production Supplies & Tools	$1,158.74	
Freight In	$2,792.95	
Wages - Service	$68,238.77	
Travel - Service	$5,329.87	
Tools and Supplies	$702.88	
Wages - Web Dev	$32,260.11	
Web Dev and Domain Expenses	$720.00	
Office Improvement/Repairs	$39,579.20	
Wages - ISP	$79,579.29	
Wages - Partner Srv/Training	$75,032.08	
Travel - ISP/Partner Srv/Tr	$1,108.86	
Wireless & Training Supplies	$129,398.00	
Wireless Equip-Brownton	$1,220.25	
Wireless Equip-Hutchinson	$200.00	
Wireless Equip-Glencoe	$601.97	
Wireless Equip-New Ulm	$7,294.34	
Wireless Equip-Mpls	$520.00	
Wireless Equipment - Wilmar	$2,100.00	
Wireless Equipment-Winthrop	$3,133.37	
ISP Expense-Hutchinson	$103.03	
ISP Expense-Cokato	$7,536.92	
ISP Expense-Glencoe	$9,878.91	

Exhibit D

XtraTyme Technologies Inc.

Profit & Loss Statement

1/1/01 through 12/31/01

2/12/02
12:06:20 PM

ISP Expense-Mpls.	$8,636.17
ISP Expense-SilverLake	$21,667.63
Rent-Green Lake Tower	$7,700.00
Rent-City of Howard Lake	$1,050.00
Rent - Glencoe	$38,704.42
Rent-Grove City Grain	$3,600.00
Rent - Wilmont	$1,800.00
Rent-Sioux Valley (Lake Park)	$1,200.00
Rent-Nicollet Farmers Exchange	$1,750.00
Rent-Cosmos Elevator	$1,100.00
ISP Equip-Hutchinson	$2,686.50
ISP Equip -Glencoe	$15,081.24
Transportation Expense	$4,003.86
Total Cost Of Sales	$752,864
Gross Profit	$1,067,437
Expenses	
Consulting Fees	$12,570.00
Internal Computers	$9,633.85
Electric	$982.09
Installation Labor	$15,301.78
Inspection Fees	$125.00
Gasoline	$22,687.44
Lodging	$3,666.92
Meals	$4,716.23
Advertising	$3,066.53
Donations	$250.00
Domain Expense	$105.00
Shows	$1,385.00
R&D Expense	$128.18
Administrative Expense	$9,436.80
Service Expense	$1,073.41
Equipment	($86,983.95)
Production Expense	$17,248.89
Web Expense	$5,459.75
Marketing Expense	$3,370.60
Training Supplies Expense	$2,370.26
Office Expense	$18,804.85
Garbage Service	$413.16
Office Security Expense	$536.92
Office Supplies	$3,647.87
Leased Equipment	$7,618.71
Leased Water Tower	$7,800.00
Equipment Insurance	$473.11
Legal and Accounting	$30,217.06
Credit Check Expense	$179.85
Office Rent	$26,000.00
Mortgage Payment	$370.53
Auto Repairs	$2,535.15
Auto Insurance	$1,439.27
Property Insurance	($1,990.60)
Liability Insurance	$11,934.33
Workmen's Comp Insurance	$1,443.54
Travel - Admin	$5,817.96
Medical Insurance Expense	$33,735.53
ISP Expense	$10,676.48
Telephone - Glencoe	$69,415.05

XtraTyme Technologies Inc.

Profit & Loss Statement

1/1/01 through 12/31/01

2/12/02
12:06:20 PM

Cellular Phone Expense	$27,577.57	
Pager Expense	$1,912.10	
Repairs and Maintenance	$3,464.83	
Telephone - Hutchinson	$22,369.16	
Travel - Sales & Marketing	$40.29	
Transportation Expense	$3,284.31	
Wireless Equipment Expense	$250.38	
Tellular Phone Charge	$314.01	
Misc. expenses	$8,620.19	
Refferal Program	$96.00	
Interest Expense	$62.85	
Bank Fees	$4,138.61	
Credit Card Charges	$1,081.38	
Merchant Fees	$806.17	
Shipping	$2,020.12	
Freight Paid	$521.86	
Late Fees Paid	$442.14	
Utilities	$4,511.57	
Interest	$5,687.67	
Finance Charges	$14,345.62	
Postage	$1,430.81	
Wages - Administrative	$125,970.10	
Wages-ISP	$9,038.75	
Wages - R & D	$58,244.43	
Wages - Sales & Marketing	$126,115.85	
Commissions	$26,535.55	
1099 Labor	$1,160.00	
Payroll Taxes	$45,469.12	
Unemployment Taxes	$11,324.85	
Real Estate Taxes	$625.50	
Taxes-Year End Corp.	$400.00	
Piggyback-ISP	$669.33	
Total Expenses		$766,193.67
Operating Profit		$301,243.40
Other Income		
Debt Forgiveness	$40,726.57	
Partner reimbursements	$4,750.00	
Total Other Income		$45,476.57
Other Expenses		
Net Profit/(Loss)		$346,719.9

XtraTyme Technologies Inc.
15893 Hwy 7
Hutchinson, MN 55350

Balance Sheet

July 2001

	July	
Assets		
Inventory	$155,968.78	D
Wells Fargo Checking Acct.	($37,998.15)	
Xtratyme Technologies Check Bk	$604.47	
Payroll Clearing	$1,185.32	
Petty Cash	$231.88	
Employee Loans	$2,077.99	
Hardware Inventory	$173,204.27	
Software Inventory	$6,481.96	
Accounts Receivable	$18,665.14	
Accounts Receivable-New Vision	$180,000.00	
Adjust Pre-paid Insurance	$3,348.95	
Vehicle Purchases	$1,200.00	
Fixed Assets	$157,547.38	
Accumulated Depreciation	($72,362.00)	
Leasehold Improvements	$23,253.76	
Towers Constructed	$1,215,197.32	
Internal Testing Computers	$0.00	
Accumulated Amortization	($21,697.00)	
ok Start-up Costs	$81,364.20	?.
Hagen Settlement	$5,005.67	?
Total Assets	$1,893,279.94	
Liabilities		
Line of Credit	$350,000.00	Loan from CEO's parents
Loan-John Griffiths	$29,431.03	Loan from President
Loan from Wuetherich Drainage	$15,067.72	Payment of $221.58 ending 8/21/06
Loan from Kyle Ackerman	$149,440.14	Loan from CEO
Loan from Larry Goranowski	$90,408.77	Payment of $1329.54 ending 8/23/06
Loan from Jeff Hagen	$104,181.89	Payment of $1,532.09 ending 8/15/06
Investor, Burda	$45,000.00	
Investor, Dallmann	$20,000.00	
Investor, Moe	$100,000.00	
Investor, Hickory Tech	$500,000.00	
Accounts Payable	$379,721.19	TRA
Accrued Payroll	($11,507.17)	
Sales Tax Collected	$14,083.24	
Federal Income Tax W/H	$303,495.87	
State Income Tax W/H	$51,697.80	
State Unemployment Tax	$12,298.95	
Federal Unemployment Taxes	$3,671.89	
Child Support Payable	$490.40	
Accrued Interest Payable	($8,819.17)	
Total Liabilities	$2,148,662.55	
Equity		
Total Equity	($255,382.61)	
Total Liability & Equity	$1,893,279.94	

Exhibit E

XtraTyme Technologies Inc.

15893 Hwy 7
Hutchinson, MN 55350

Balance Sheet

As of 8/1/01

8/1/01
10:57:57 AM

Assets		
Inventory 1-1000	$155,968.78	
Wells Fargo Checking Acct.	($5,476.43)	
Xtratyme Technologies Check Bk	$556.06	
Payroll Clearing 1-125.	($3,514.68)	Print Detail
Petty Cash	$200.00	
Employee Loans 1-1400	$2,077.99	
Hardware Inventory 1-1500	$572,014.22	
Software Inventory - 1-1600	$170.90	
Accounts Receivable	$27,251.08	
~~Adjust~~ Pre-paid ~~Insurance~~ Exp. 1-3500	$5,472.95	
Vehicle ~~Purchases~~ 1-4000	$1,200.00	
Fixed Assets	$157,547.38	
Accumulated Depreciation	($77,994.00)	
Leasehold Improvements	$23,253.76	
Towers Constructed	$465,197.32	
Start Up Costs	$81,364.20	
Accumulated Amortization	($21,697.00)	
Hagen Settlement	$1,000.00	
Total Assets		$1,384,592.53
Liabilities		
Line of Credit	$350,000.00	
Loan from Farmgard Products	$22,703.80	
Loan-John Griffiths	$21,931.03	
Loan from Wuetherich Drainage	$9,105.76	
Loan From Brian Hagen	$18,028.44	
Loan from Kyle Ackerman	$243,046.54	
Loan from Larry Goranowski	$58,034.14	
Loan from Jeff Hagen	$73,871.64	
Investor (New Vision Co-Op)	$230,000.00	
Investor-City of Arlington	$8.00	
Accounts Payable	$393,159.25	
Accrued Payroll	$21,492.35	
Sales Tax Collected	$14,058.42	
Federal Income Tax W/H	$312,123.18	
State Income Tax W/H	$52,592.36	
State Unemployment Tax	$12,410.66	
Federal Unemployment Taxes	$3,699.26	
Child Support Payable	$181.75	
Total Liabilities		$1,836,446.58
Equity		
Common Stock	$10,000.00	
Retained Earnings	($1,400,678.38)	
Current Earnings	$942,005.57	
Historical Balancing Account Cr 3-9999 Dr 6-1030	($3,181.24)	
Total Equity		($451,854.05)
Total Liability & Equity		$1,384,592.53

Exhibit F

XtraTyme Technologies Inc.

15893 Hwy 7
Hutchinson, MN 55350

Balance Sheet

As of 8/13/01

8/13/01
9:47:56 AM

Assets		
Wells Fargo Checking Acct.	($10,847.69)	
Xtratyme Technologies Check Bk	$525.18	
Payroll Clearing	($177.50)	
Petty Cash	$200.00	
Employee Loans	$1,377.99	
Hardware Inventory	$727,960.14	
Accounts Receivable	$17,214.39	
Pre-paid Expenses	$5,472.95	
Vehicles	$1,200.00	
Fixed Assets	$157,547.38	
Accumulated Depreciation	($77,994.00)	
Leasehold Improvements	$23,253.76	
Towers Constructed	$465,197.32	
Start Up Costs	$81,364.20	
Accumulated Amortization	($21,697.00)	
Total Assets		$1,370,5
Liabilities		
Line of Credit	$350,000.00	
Loan-John Griffiths	$21,931.03	
Loan from Wuetherich Drainage	$9,105.76	
Loan from Kyle Ackerman	$243,046.54	
Loan from Larry Goranowski	$58,034.14	
Loan from Jeff Hagen	$73,871.64	
Investor 1-Sheehan	($34,000.00)	
Investor (New Vision Co-Op)	$230,000.00	
Investor-City of Arlington	$8.00	
Accounts Payable	$423,883.94	
Accrued Payroll	$21,492.35	
Sales Tax Collected	$14,180.02	
Federal Income Tax W/H	$317,706.37	
State Income Tax W/H	$53,542.74	
State Unemployment Tax	$12,521.97	
Federal Unemployment Taxes	$3,734.70	
Child Support Payable	$357.84	
Total Liabilities		$1,799
Equity		
Common Stock	$5,000.00	
Retained Earnings	($1,238,157.84)	
Current Earnings	$804,337.92	
Total Equity		($428
Total Liability & Equity		$1,370

Exhibit G

XtraTyme Technologies Inc.

15893 Hwy 7
Hutchinson, MN 55350

Exhibit H

Balance Sheet

As of 9/12/01

9/12/01
3:32:46 PM

Assets		
Checking-Wells Fargo	($5,252.40)	
Checking-Security Bank	$476.57	
Payroll Clearing	($377.50)	
Petty Cash	$200.00	
Employee Loans	$1,377.99	
Hardware Inventory	$733,431.14	
Accounts Receivable	$25,094.08	
Pre-paid Expenses	$5,472.95	
Vehicles	$1,200.00	
Fixed Assets	$157,547.38	
Accumulated Depreciation	($77,994.00)	
Leasehold Improvements	$23,253.76	
Towers Constructed	$465,197.32	
Start Up Costs	$81,364.20	
Accumulated Amortization	($21,697.00)	
Total Assets		$1,389,294.49
Liabilities		
Loan-Roger Ackerman	$350,000.00	
Loan from Farmgard Products	$59.86	
Loan-John Griffiths	$21,931.03	
Hagen Settlement-Wuetherich	$9,105.76	
Loan from Kyle Ackerman	$243,046.54	
Hagen Settlement-Goranowski	$58,034.14	
Hagen Settlement-Jeff Hagen	$73,871.64	
Investor (Hickory Tech)	$500,000.00	
Investor (Ed Moe)	$60,000.00	
Investor (Dennis Burda)	$45,000.00	
Accounts Payable	$570,085.14	
Sales Tax Collected	$5,482.47	
Federal Income Tax W/H	$211,728.13	
State Income Tax W/H	$35,523.09	
State Unemployment Tax	$8,542.89	
Federal Unemployment Taxes	$3,764.90	
Child Support Payable	$181.75	
Total Liabilities		$2,196,357.34
Equity		
Common Stock	$5,000.00	
Retained Earnings	($1,263,838.45)	
Current Earnings	$451,775.60	
Total Equity		($807,062.85)
Total Liability & Equity		$1,389,294.49

[illegible] [illegible]

Jan.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	892.44	1132.98	1839.52	894.54	[illegible]	438.68	645.08
1023.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1062.23	53.54
-874.62	16.93	-3457	[illegible]	[illegible]	[illegible]	163.58	32.92
8171	[illegible]	[illegible]	[illegible]	65.75	[illegible]	[illegible]	[illegible]
-5137	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

Exhibit 1

In re:

Xtratyme Technologies Inc.,

Debtor.

Chapter 7
BKY No. 01-45284-NCD

John R. Stoebner, Trustee,

Plaintiff.

vs.

Kim Griffiths,

Defendant.

ADV No. 04-4102-NCD

PLAINTIFF'S FIRST SET OF REQUESTS FOR ADMISSIONS TO DEFENDANT

TO: DEFENDANT KIM GRIFFITHS AND HER ATTORNEYS, DAVID C. OLSON, LANNERS & OLSON, P.A., 12805 HIGHWAY 55, SUITE 102, PLYMOUTH, MN 55441.

Plaintiff requests, pursuant to Bankruptcy Rules 7036 and 9014 and Federal Rule of Civil Procedure 36, that the above-named Defendant admit the truth of the following matters or the genuineness of the following documents, within the time provided by said rules. These requests are made for the purpose of this action only and are subject to all pertinent objections to admissibility which may be interposed at trial. Unless Defendant responds within the time provided by the Rules, the matters will be deemed admitted and the documents genuine.

PLEASE TAKE NOTICE that should Defendant fail to admit the genuineness of any document or the truth of any matter, and Plaintiff proves the genuineness or truth thereof at trial, Plaintiff may apply to the Court for an order requiring Defendant to pay reasonable attorneys' fees.

PLEASE TAKE FURTHER NOTICE that Plaintiff demands compliance with the supplementation provisions of Rule 26(e) of the Federal Rules of Civil Procedure as applicable herein by virtue of Bankruptcy Rule 7026.

DEFINITIONS

1. As used herein, the term "Document" shall mean all materials falling within Rule 34, Federal Rules of Civil Procedure.

2. As used herein, the term "you" or "your" shall mean the above-named Defendant, her agents, attorneys, and all other persons acting on her behalf.

3. "Xtratyme" or "Debtor" means the Debtor in the above-captioned bankruptcy case.

4. "Complaint" shall mean the complaint served upon Defendant in this adversary proceeding.

5. The words "antecedent debt" shall mean any debt arising prior in time to payment of such debt.

REQUESTS

Request No. 1.

Admit that you received the payment(s) described in the Complaint (hereinafter the "Preference Payments") for or on account of Antecedent Debt owed by Debtor.

Request No. 2

Admit that the 1/11/01 transfer was received by you within one (1) year prior to December 7, 2001.

Request No. 3.

Admit that Debtor was insolvent at the time it made the Preference Payments.

Request No. 4.

Admit that the Preference Payments enabled you to receive more than you would have received if the payments had not been made and if you received payment of your debt to the extent provided by Chapter 7 of the Bankruptcy Code.

Request No. 5.

Admit you received the following payment from the Debtor:

Date of Check:	**Amount:**
1/11/01	$18,673.70

ADMONITION

Pursuant to Rule 36 of the Federal Rules of Civil Procedure and Rule 7036 of the Federal Rules of Bankruptcy Procedure, the answers to the above Requests shall specifically deny the matter or set forth in detail the reasons why the answering party cannot truthfully admit or deny the matter. When good faith requires that a party qualify its answer or deny only a part of the matter of which an admission is requested, it shall specify so much of it as is true and qualify or deny the remainder. In answering, the party may not give lack of information or knowledge as reasons for failure to admit or deny unless that party states reasonable inquiry has been made and that the information known or relatively obtainable is insufficient to enable an admission or denial of the request. A party who considers that a matter of which admission has been requested presents a genuine issue for trial may not, on that ground alone, object to the request. It may, subject to the provisions of Rule 37, deny the matter or set forth reasons why it cannot admit or deny it.

LAPP, LIBRA, THOMSON, STOEBNER
& PUSCH, CHARTERED

Dated: May 17, 2004

By ______________________

John R. Stoebner (#140879)
David A. Harbeck (#238594)
One Financial Plaza
Suite 2500
120 South Sixth Street
Minneapolis, MN 55402
(612) 338-5815

Attorneys for Plaintiff

LAPP, LIBRA, THOMSON, STOEBNER & PUSCH
CHARTERED
ATTORNEYS AT LAW

Exhibit J

WILLIAM S. LAPP
DAVID A. LIBRA*
RICHARD T. THOMSON
JOHN R. STOEBNER*
GREGORY D. PUSCH
JULIA A. CHRISTIANS
DAVID A. HARBECK
RALPH V. MITCHELL
DAVID C. WEINSTEIN†
BRADLEY J. HINTZE ‡

WILLIAM S. GLEW, OF COUNSEL

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TELEPHONE (612) 338-5815
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*REAL PROPERTY LAW SPECIALIST
CERTIFIED BY THE MINNESOTA STATE BAR ASSOCIATION
†ALSO LICENSED IN CONNECTICUT AND NEW YORK
‡ALSO LICENSED IN WISCONSIN

WRITER'S DIRECT DIAL: (612) 343-4969
E-MAIL: dharbeck@lapplibra.com

July 13, 2004

David C. Olson
Lanners & Olson, PA
12805 Highway 55
Suite 102
Plymouth, MN 55441

Re: John R. Stoebner, Trustee vs. Kim Griffiths;
ADV No. 04-4102-NCD

Dear Mr. Olson:

By letter dated May 17, 2004, we served upon you Plaintiff's First Set of Interrogatories to Defendant; Plaintiff's First Request to Defendant for Production of Documents; and Plaintiff's First Request for Admissions concerning the above-referenced matter. We further attempted to contact you by telephone to confer regarding this matter, but you failed to return our telephone call.

To date, however, we have received no answers or responses whatsoever to these requests. Thus, pursuant to the Rules of Civil Procedure, you have been deemed to have admitted the requests for admissions and waived any and all objections to such discovery requests. We demand that you immediately provide us with full and complete answers and responses to Plaintiff's First Set of Interrogatories to Defendant and Plaintiff's First Request to Defendant for Production of Documents.

Please consider this letter as an attempt to meet and confer regarding this matter. If we do not receive the requested responses, we will bring a motion to compel such discovery and seek recovery of our attorney's fees.

Thank you for your attention to this matter.

Sincerely,

David A. Harbeck

DAH/jcs

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Xtratyme Technologies Inc.,

Debtor.

Chapter 7
BKY No. 01-45284-NCD

John R. Stoebner, Trustee

Plaintiff,

vs.

Kim Griffiths,

Defendant.

ADV No. 04-4102-NCD

UNSWORN CERTIFICATE OF SERVICE

I, Sarah L. Fortin, declare under penalty of perjury that on October 25, 2004, I mailed a copy of the attached **Notice of Hearing and Motion for Summary Judgment; Affidavit of John R. Stoebner; and proposed Findings of Fact, Conclusions of Law and Order for Judgment** upon the parties referenced below by regular U.S. Mail and by depositing copies thereof in a Post Office Box at 120 South 6th Street, Minneapolis, Minnesota.

David C. Olson
Lanners & Olson, PA
12805 Highway 55, Suite 102
Plymouth, MN 55441

Office of the United States Trustee
1015 U.S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415

Executed on: October 25, 2004

/e/ Sarah L. Fortin
Sarah L. Fortin, Legal Administrative Assistant
Lapp, Libra, Thomson, Stoebner &
Pusch, Chartered
120 South Sixth Street, Suite 2500
Minneapolis, MN 55402
612-338-5815

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: Xtratyme Technologies Inc., Debtor.	Chapter 7 BKY No. 01-45284-NCD
John R. Stoebner, Trustee, Plaintiff. vs. Kim Griffiths, Defendant.	ADV No. 04-4102-NCD

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER FOR JUDGMENT

The above-entitled action came on for hearing before the Honorable Judge Nancy C. Dreher on December 2, 2004, upon the motion of Plaintiff John R. Stoebner, Trustee, for summary judgment.

David A. Harbeck appeared on behalf of Plaintiff John R. Stoebner, Trustee. Other appearances, if any, were noted in the record. Based upon all the files, records, and proceedings herein, the Court being duly advised in the premises, the Court hereby makes the following:

FINDINGS OF FACT:

1. The Debtor XtraTyme Technologies, Inc., is a corporation existing under the laws of the State of Minnesota. The Debtor filed a Chapter 11 bankruptcy petition on December 7, 2001, and the case was subsequently converted to a Chapter 7 case on March 21, 2003. The case is now pending before this Court.

2. Defendant Kim Griffiths is a Minnesota resident currently residing at 526 East 8th Street, Glencoe, MN 55336. Defendant Kim Griffiths is the wife of John Griffiths, who was the President of XtraTyme at all relevant times. Kim Griffiths admits she was an insider of the Debtor.

3. During the one year preceding the filing of the petition, the Debtor paid Griffiths a total of $18,673.70. The Debtor made such payment by way of a check dated January 11, 2001, in the amount of $18,673.70. The Debtor made this payment to repay Kim Griffiths for reimbursement of certain business-related expenses that Griffiths had charged to a personal credit card because XtraTyme could not afford to pay such expenses at the time the expenses were incurred.

4. The payment of $18,673.70 was in payment of an antecedent debt.

5. The payment to Defendant was a payment to or for the benefit of a creditor.

6. At the time of each payment, the Debtor was insolvent within the meaning of 11 U.S.C. § 101(32).

7. The payments enabled Defendant to receive more than she would have received in this Chapter 7 case had the transfer not been made, and Defendant received payment of such debt to the extent provided by the provisions of Title 11.

CONCLUSIONS OF LAW:

1. Plaintiff's motion for summary judgment is hereby GRANTED in its entirety.

2. Defendant Kim Griffiths received a preference under 11 U.S.C. § 547 in the amount of $18,673.70.

3. Plaintiff is entitled to his costs and disbursements herein.

4. Plaintiff is thus entitled to a judgment against Defendant Kim Griffiths in the amount of $18,673.70, plus interest thereon, together with his costs and disbursements.

LET JUDGMENT BE ENTERED ACCORDINGLY.

Dated: _______________, 2004

____
Nancy C. Dreher
United States Bankruptcy Court Judge